REDACTED

"Andy" <andy@agchaiti.com>

01/23/2007 10 16 AM

To <RMedlin@fruit.com>

cc "'Clifford & Vanessa'" <clifford@agacorp com>, "'Elisabeth Apaid'" <eapaid@acn2 net>, "'Dejoie, Louis'" <LDejoie@mwn com>, "'Freedenberg, Harvey'" <HFreeden@mwn.com>, "'Gervais/Elyane Charles'" <gervaischarles@yahoo fr>

Subject Reply to January 11/18, 2007 Proposal

Dear Mr. Medlin,

I thank you for your reply and attempt at finding a way to resolve the current issues pending between us However, after a careful review of your proposal's economic impact and all the factors that I have indicated in my previous letters, I believe it falls too short of the level of production our company needs to maintain its financial viability.

Specifically, unless Fruit of the Loom is open to discussions regarding a longer term relationship, any proposal has to reflect the fact that what we really are talking about here is a termination arrangement. In that case, the pricing structure has to be consistent with that reality. Since you are looking to reduce your costs during that period, please allow me to offer one other option that helps to address that point while it partially helps me to meet my financial obligations:

1) If the current price of $ .069/min. cannot be applied until December 31, 2007, we would apply it until July 31, 2007 only and a lower rate of $ .06/min would be applied for only one more year until July 31, 2008.

2) If there is a possibility of a longer term relationship giving us a reasonable time to amortize the equipment and our investment, we will apply the price of 0.069 cents/min until May 30, 2007 and a gradual price reduction will be given based on filling the capacity of 66,000 Dzs/week at $ .0518/min (1.60 US$/Dz). Under this option, there ought to be a clear indication that you have intentions to remain long term in Haiti and not to terminate at the end of 2007. We can come to a commonly agreed period that would express such intent **A solution offering us to work at US$ 1.60/Dz at the current volume is the equivalent of asking us to work at a loss or break even as the plant improves.** This is why it is necessary for the volume to increase to allow us to do better then break even and help meet our financial obligations.

Upon coming to an agreement on the pricing and duration structure, I believe we would come to terms on the appropriate approach for the quality, audit and delivery concerns, which should reflect a mutually satisfactory resolution

Mr. Medlin, due to production difficulties caused by material shortages at different times during the first year of operation including at the end of 2006 when we suffered big production and financial losses, Premium started breaking even only at the end of the summer of 2006 at which time FOL acquired Russell and you advised us of

your intentions. It is also important for me to remind you that this production facility was put in place upon the explicit request of executives at Russell, under conditions that were risky for my company, conditions that we expressed and were acknowledged by Russell at the time. Understanding those points, it is important to reach an agreement with a balance of pricing structure, volume and time table, enabling us to address some of our financial obligations relating to this investment and get out with our heads up high.

We really remain hopeful that your decisions will leave the door open for long term options from Fruit/Russell in Haiti. We will work diligently to encourage you to consider that possibility, particularly in light of recently passed Trade Legislation that will offer you more options in Haiti. May I suggest, before we conclude our discussions, that you visit us in Haiti and see how much went into putting up the facility for Russell and what you can do even if it is not quite what you were hoping to accomplish at the start.

We look forward to continuing our discussions and to concluding them in a way that will be mutually acceptable to our respective companies.

Respectfully,

Andre M. Apaid

Per your request please see below the phone numbers where I can be reached at directly:

Cell (509) 701-9999 or (509) 463-3330
Office (509) 250-1231

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